

REPORT OF THE FINANCE LABOR SUBCOMMITTEE

February 1, 2005

(Recessed and reconvened on February 9, 2005)

The Honorable,
The Board of Commissioners of Cook County

ATTENDANCE

Present: Chairman Murphy, Vice Chairman Moreno, Commissioners Butler, Gorman, Hansen, Maldonado and Sims (7)

Also Present: Commissioners Goslin and Quigley; Jonathan Rothstein, Special Assistant to the President for Labor Relations; John Hibbett, Director, Risk Management

Ladies and Gentlemen:

Your Finance Labor Subcommittee of the Board of Commissioners of Cook County met pursuant to notice on Tuesday, February 1, 2005 at the hour of 10:00 AM in the Board Room, Room 569, County Building, 118 North Clark Street, Chicago, Illinois.

Your Subcommittee has considered the following items and upon adoption of this report, the recommendations are as follows:

269193 RESOLUTION TO INCREASE EMPLOYEE HEALTHCARE CONTRIBUTIONS (PROPOSED RESOLUTION). Submitting a Proposed Resolution sponsored by Gregg Goslin and Mike Quigley, County Commissioners. Co-Sponsored by Peter N. Silvestri, Elizabeth Ann Doody Gorman and Anthony J. Peraica, County Commissioner.

PROPOSED RESOLUTION

RESOLUTION TO INCREASE EMPLOYEE HEALTHCARE CONTRIBUTIONS

WHEREAS, Cook County employees enjoy excellent healthcare as part of their benefits package; and

WHEREAS, Cook County employees have for years received these stellar health benefits at rates far below other governments and private industry; and

WHEREAS, Cook County currently has 26,357 employees and 37,176 dependents enrolled in the County's health insurance program; and

WHEREAS, ever-increasing healthcare costs in conjunction with stagnant employee contributions has had the unintended effect of increasing the already generous employee benefits package; and

WHEREAS, since 2000, the County's cost of health benefits per employee has increased 45%; and

WHEREAS, according to the Cook County Cost Control Task Force the general practice of most employers is to set minimal employee healthcare contributions at 20 percent of premium costs for employees and 30 percent for dependent coverage; and

WHEREAS, Cook County employees' average contributions are four percent for employees and two percent for dependent coverage; and

WHEREAS, budget shortfalls have made it necessary to address the issue of increasing employee healthcare contributions and bring them in line with other reasonable employee contribution plans; and

WHEREAS, in FY2004 all non-union employees with yearly salaries of \$65,000 and above were required to increase their monthly health insurance contributions to .7% of their salaries for single employee coverage, 1.4% for family HMO coverage and 1.5% for family PPO coverage.

NOW, THEREFORE, BE IT RESOLVED, that the Cook County Board of Commissioners does hereby expand the County's employee healthcare contributions plan to .7% for single employee coverage, 1.4% for dependent HMO coverage and 1.5% for dependent PPO coverage for all full-time employees; and

BE IT FURTHER RESOLVED, that the County Administration's negotiation teams are hereby directed to include the new employee healthcare contributions plan in the collective bargaining process and that the Cook County Board of Commissioners will implement this plan immediately for non-union employees upon passage of this Resolution.

***Referred to the Committee on Finance Labor Subcommittee on 01/20/2005.**

269194

RESOLUTION TO MODERNIZE THE COUNTY COMPENSATION SCHEDULE (PROPOSED RESOLUTION). Submitting a Proposed Resolution sponsored by Gregg Goslin and Mike Quigley, County Commissioners. Co-Sponsored by Peter N. Silvestri, Elizabeth Ann Doody Gorman and Anthony J. Peraica, County Commissioners.

PROPOSED RESOLUTION

RESOLUTION TO MODERNIZE THE COUNTY COMPENSATION SCHEDULE

WHEREAS, Cook County employees receive annual step increases for the first five years of their employment and step increases every two years thereafter and employees also receive annual or semi-annual cost of living adjustments (COLAS); and

WHEREAS, the average yearly step increase is approximately 4.5 percent and the average COLA is approximately 3 percent; and

WHEREAS, the total annual increase of 7.5 percent is significantly higher than the national average for the U.S. workforce of 3.5 percent; and

WHEREAS, taxes generate 44.5% of Cook County's revenues; and

WHEREAS, Cook County's annual step increase cost taxpayers approximately \$26 million per year and the average COLA costs taxpayers approximately \$39 million per year; with the

average year costing taxpayers an additional \$65 million per year for wage increases alone; and

WHEREAS, a modification of our salary system will provide job security at a time when other local government entities have resorted to layoffs; and

WHEREAS, Cook County faces a short-term fiscal crisis in eliminating a \$73 million budget gap in FY2005 as well as a larger long-term problem: how to make Cook County government operate more cost effectively and efficiently without resorting to new or increased taxes; and

WHEREAS, because of the lapse in current contracts, now is the time to re-structure our employee compensation schedule for current employees as well as new hires.

NOW, THEREFORE, BE IT RESOLVED, that the County Administration's negotiation teams are hereby directed to eliminate the automatic annual step increases for employees in the collective bargaining process; and

BE IT FURTHER RESOLVED, that the Cook County Board of Commissioners will implement this plan for all non-union employees immediately upon passage of this Resolution.

***Referred to the Committee on Finance Labor Subcommittee on 01/20/2005.**

Commissioner Goslin stated that he submitted an amended copy of the two resolutions that have been reviewed by Jonathan Rothstein, Special Assistant to the President for Labor Relations; these amended resolutions would preclude any lawsuit which might otherwise be brought on the grounds of unfair labor practice.

Commissioner Gorman, seconded by Commissioner Butler, moved the approval of Communication Nos. 269193 and 269194 as amended.

Commissioner Moreno moved to adjourn to executive session, seconded by Commissioner Gorman. The motion carried.

Mr. Rothstein stated that a Cook County employee who earns \$40,000 per year or more currently contributes one-half of a percent of this salary toward a health care premium. This contribution is capped at \$208 per year. This computes to \$8 per pay period. These payments apply equally to families and to individuals.

Commissioner Maldonado asked for a summary of the two ordinances.

Mr. Rothstein made a presentation regarding the two ordinances.

Chairman Murphy observed that the amendment to the ordinance states that changes in premium contribution would be imposed upon the non-Union employees first.

Commissioner Hansen stated that this contribution alteration is unfair to the non-Union members. He inquired how many members of the County workforce are non-Union employees.

Chairman Murphy responded that thirty-percent are non-Union employees.

Mr. Rothstein responded that the changes in required health care contributions have already been imposed on those County employees who currently earn salaries of \$65,000 and higher.

Chairman Murphy inquired as to what percentage of the Cook County non-Union workforce currently earns a salary of \$65,000 or higher.

John Hibbett, Director, Risk Management, replied that this salary category is comprised of approximately 1100 such employees at the corporate level and 663 such employees at the Bureau of Health Services.

Commissioner Hansen asked whether the computation of an employee's contribution to his health care premium is calculated as a percentage of that person's salary, or whether it is computed as to whether they earn \$65,000 and over per year.

Mr. Rothstein said that the employee's health care premium is computed based on whether that person earns \$65,000 and over per year.

Commissioner Hansen voiced his opinion that there should be a sliding scale of premium contributions, not specific salary cutoffs.

Commissioner Maldonado asked whether the 1763 employees mentioned are Union or non-Union employees.

Mr. Rothstein replied that these are all non-union employees.

Commissioner Sims stated that the result of this plan would be that non-Union workers would unionize and that, as a result, the County would lose more money.

Mr. Rothstein specified that the practice has been to negotiate with the Union, and any changes are then applied to non-Union members as well.

Commissioner Hansen suggested that this discussion be incorporated into the amendments.

Chairman Murphy stated that she had requested that the Budget Department supply her with a comparison of step increases and grade changes for the City of Chicago, the Chicago Public School System and the Water Reclamation District. After reviewing these statistics, she has ascertained that the County compares extremely favorably with these public entities.

Commissioner Hansen noted that the cost of living expenses and the step increases are substitutes for merit increases which the private sector bestows. He further stated that the Union employees should not be given advantages which the non-Union employees do not have.

Commissioner Maldonado moved to return to Open Session, seconded by Commissioner Moreno. The motion carried.

Commissioner Hansen moved to defer these communications, seconded by Commissioner Moreno. The motion carried. The meeting was recessed to the Call of the Chair.

The meeting was reconvened on February 9, 2005.

Commissioner Moreno moved to Receive and File Communication Numbers 26193 and 26194, seconded by Commissioner Hansen. The motion carried.

Commissioner Moreno moved to Adjourn, seconded by Commissioner Butler. The motion carried.

Respectfully submitted,
Finance Labor Subcommittee

Joan Patricia Murphy, Chairman

Attest:

Michelle Harris, Secretary